

**AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A SAUDI JOINT STOCK COMPANY)**

**UNAUDITED CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION FOR
THE THREE-MONTH PERIOD
ENDED MARCH 31, 2024 AND REVIEW REPORT**

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)
CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024

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Report on review of Condensed Consolidated Interim Financial Information

To the shareholders of Al Hassan Ghazi Ibrahim Shaker Company
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Al Hassan Ghazi Ibrahim Shaker Company (the "Company") and its subsidiaries (the "Group") as of March 31, 2024 and the related condensed consolidated interim statement of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes. The Board of Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - "Interim Financial Reporting" ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", as endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, as endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Khalid A. Mahdhar
License Number 368

May 13, 2024



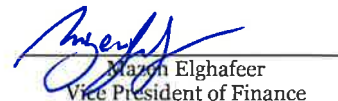
AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of financial position
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS			
Non-current assets			
Property and equipment	3	176,469	176,556
Right-of-use assets		17,024	17,552
Intangible assets and goodwill	4	9,854	9,854
Investment in an associate	5	479,005	466,959
Equity investment at fair value through other comprehensive income		750	750
Total non-current assets		683,102	671,671
Current assets			
Inventories	6	369,180	373,978
Trade and other receivables	7	493,871	356,030
Prepayments and other debit balances	8	87,059	88,303
Cash and cash equivalents	9	41,968	18,843
Total current assets		992,078	837,154
Total assets		1,675,180	1,508,825
EQUITY AND LIABILITIES			
Equity			
Share capital		482,334	482,334
Reserves		144,348	144,348
Retained earnings		122,976	91,047
Total equity		749,658	717,729
Liabilities			
Non-current liabilities			
Lease liabilities – noncurrent portion	10	11,365	11,229
Employees' benefits obligation		24,817	24,430
Total non-current liabilities		36,182	35,659
Current liabilities			
Lease liabilities and borrowings	10	396,299	402,366
Trade and other payables		475,759	333,572
Zakat liabilities	11	7,924	6,542
Warranty provision		9,358	12,957
Total current liabilities		889,340	755,437
Total liabilities		925,522	791,096
Total equity and liabilities		1,675,180	1,508,825

The notes on pages 6 to 18 form an integral part of this condensed consolidated interim financial information.


Abdulelah Abdullah Abunayyan
Chairman


Mohammed Ibrahim Abunayyan
Chief Executive Officer


Mazen Elghafeer
Vice President of Finance

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)

Condensed consolidated interim statement of profit or loss and other comprehensive income - Unaudited

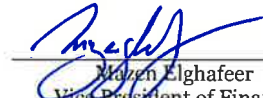
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Three-month period ended	
		March 31,	
		2024	2023
Revenue	12	413,242	346,563
Cost of sales		(315,473)	(259,457)
Gross profit		97,769	87,106
General and administrative expenses		(26,889)	(23,695)
Selling and distribution expenses		(36,825)	(33,502)
Impairment loss on trade and other receivables		(3,500)	(2,040)
Other income, net		790	734
Income from operations		31,345	28,603
Finance costs		(9,835)	(12,281)
Foreign exchange gain / (loss)		192	(402)
Share of net profit from an associate	5	12,046	13,831
Profit before zakat		33,748	29,751
Zakat expense		(1,499)	(1,835)
Net income for the period from continuing operations		32,249	27,916
Discontinued operations:			
Gain from discontinued operations	18	-	1,426
Net income for the period		32,249	29,342
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Re-measurement of employees' benefits obligation		(320)	(569)
Other comprehensive loss for the period		(320)	(569)
Continuing operations		(320)	(569)
Discontinuing operations		-	-
Total comprehensive income for the period		31,929	28,773
Profit attributable to:			
Owners of the Company		32,249	28,771
Non-controlling interests		-	571
		32,249	29,342
Total comprehensive income attributable to:			
Owners of the Company		31,929	28,202
Non-controlling interests		-	571
		31,929	28,773
Earnings per share (Saudi Riyals):			
Basic and diluted earnings per share	19	0.67	0.60

The notes on pages 6 to 18 form an integral part of this condensed consolidated interim financial information.


 Abdulelah Abdullah Abunayyan
 Chairman


 Mohammed Ibrahim Abunayyan
 Chief Executive Officer


 Mazen Elghafeer
 Vice President of Finance

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)


Condensed consolidated interim statement of changes in equity - Unaudited
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Equity attributable to owners of the Company					
	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
January 1, 2024 (Audited)	482,334	144,348	91,047	717,729	-	717,729
Net income for the period	-	-	32,249	32,249	-	32,249
Other comprehensive loss for the period	-	-	(320)	(320)	-	(320)
Total comprehensive income for the period	-	-	31,929	31,929	-	31,929
March 31, 2024 (Unaudited)	482,334	144,348	122,976	749,658	-	749,658
January 1, 2023 (Audited)	482,334	144,348	27,521	654,203	18,042	672,245
Net income for the period	-	-	28,771	28,771	571	29,342
Other comprehensive loss for the period	-	-	(569)	(569)	-	(569)
Total comprehensive income for the period	-	-	28,202	28,202	571	28,773
March 31, 2023 (Unaudited)	482,334	144,348	55,723	682,405	18,613	701,018

The notes on pages 6 to 18 form an integral part of this condensed consolidated interim financial information.


Abdullelah Abunayyan
Chairman


Mohammed Ibrahim Abunayyan
Chief Executive Officer


Wazery Elghafeer
Vice President of Finance

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)
Condensed consolidated interim statement of cash flows - Unaudited
(All amounts in thousands of Saudi Riyals unless otherwise stated)

	Note	Three-month period ended	
		March 31,	
		2024	2023
Cash flows from operating activities			
Profit before zakat and foreign income tax:			
From continued operations		33,748	29,751
From discontinued operations		-	1,426
Adjustments for non-cash items			
Depreciation of property and equipment	3	929	928
Depreciation of right of use assets		1,443	1,639
Impairment losses on trade and other receivables	7	3,500	2,040
Provision for slow-moving inventories	6	700	1,346
Share of profit from an associate	5	(12,046)	(13,831)
Provision for employees' benefit obligation		1,072	715
Finance costs		9,835	12,281
Changes in working capital			
Trade and other receivables		(141,341)	(150,580)
Inventories		4,098	(2,519)
Prepayments and other debit balances		1,244	(9,845)
Trade and other payables		142,187	150,606
Assets relating to disposal group classified as held for sale		-	(4,012)
Liabilities relating to disposal group classified as held for sale		-	5,027
Warranty provision		(3,599)	392
Zakat paid		(117)	(26)
Finance costs paid		(9,666)	(12,054)
Employees' benefits obligation paid		(1,005)	(228)
Net cash generated from operating activities		30,982	13,056
Cash flows from investing activities			
Additions to property and equipment	3	(842)	(398)
Net cash used in investing activities		(842)	(398)
Cash flows from financing activities			
Payment of lease liabilities		(1,180)	(1,300)
Repayment of bank borrowings		(333,535)	(468,348)
Proceeds from bank borrowings		327,700	456,575
Net cash used in financing activities		(7,015)	(13,073)
Net change in cash and cash equivalents		23,125	(415)
Cash and cash equivalents at beginning of the period	9	18,843	72,711
Cash and cash equivalents at end of the period	9	41,968	72,296
Significant non-cash transactions:			
Additions to right of use of assets and lease liabilities		915	-
Write-off of trade and other receivables	7	87	3,542
Actuarial loss from re-measurement of employees' benefits obligation		320	569

The notes on pages 6 to 18 form an integral part of this condensed consolidated interim financial information.


Abdulrahman Abdullah Abunayyan
Chairman


Mohammed Ibrahim Abunayyan
Chief Executive Officer


Mazen Bighafeer
Vice President of Finance

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
(A Saudi Joint Stock Company)
Notes to the condensed consolidated interim financial information
For the three-month period ended March 31, 2024 (Unaudited)
(All amounts in thousands of Saudi Riyals unless otherwise stated)

1 General information

Al Hassan Ghazi Ibrahim Shaker Company (the "Company" (or) the "Parent Company" (or) "HGISC") is a Saudi joint stock company registered in the Kingdom of Saudi Arabia under Commercial Registration number 1010149252 and listed on the Saudi Stock Exchange ("Tadawul").

The address of the Group's head office and the principal activities of HGISC and its subsidiaries (collectively the "Group") remain the same as disclosed in the Group's annual consolidated financial statements for the year ended December 31, 2023.

As at March 31, 2024 and December 31, 2023, the authorized, issued, and paid-up share capital of the Company is SR 482.3 million divided into 48.2 million shares of SR 10 each.

This condensed consolidated interim financial information has been reviewed, but not audited.

2 Basis of preparation and material accounting policy information

2.1 Basis of preparation

This condensed consolidated interim financial information for the three-month period ended March 31, 2024 has been prepared in accordance with IAS 34 'Interim Financial Reporting' ("IAS 34"), as endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA").

The condensed consolidated interim financial information does not include all the information and disclosures required in the annual consolidated financial statements and should therefore be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2023.

The condensed consolidated interim financial information comprises the financial information of the Company and its subsidiaries ("the Group").

2.2 Material accounting policy information

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial information for the year ended December 31, 2023.

2.3 New and amended standards adopted by the Group

New standards and amendments to the IFRS, effective from January 1, 2024 or later-on, do not have any effect on the Group's financial statements. Further, the Group has not early adopted any new standard, interpretation or amendment that have been issued but that are not yet effective.

2.4 Critical accounting estimates and judgments

The preparation of the Group's condensed consolidated interim financial information requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods. The Group based its assumptions and estimates on parameters available when the condensed consolidated interim financial information was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

As at March 31, 2024, management believes that all sources of estimation uncertainty remain similar to those disclosed in the Group's annual consolidated financial statements for the year ended December 31, 2023. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

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3 Property and equipment

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning – Net book value	176,556	178,306
Additions for the period / year	842	2,204
Depreciation charge for the period / year	(929)	(3,913)
Disposals for the period / year	-	(41)
Closing – Net book value	<u>176,469</u>	<u>176,556</u>

4 Intangible assets and goodwill

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Goodwill – note 4.1	<u>9,854</u>	<u>9,854</u>
	9,854	9,854

- 4.1 Effective November 12, 2014, HGISC acquired effectively 100% shareholding in ASDAA Gulf Trading Company (“ASDAA”) for a purchase consideration of SR 20 million, which was in excess of the fair value of the net assets acquired by SR 9.9 million and has been recorded as goodwill. Based on the impairment assessment using value in use model made at the end of 2023 financial year, there was sufficient head room available, and accordingly, no impairment loss was recognized.

The Group’s management performs goodwill impairment assessment annually and when there are indicators that the carrying value of goodwill may be impaired. Group’s management believes that any reasonably possible change in the key assumptions used for impairment assessment performed on December 31, 2023 will not cause the carrying value of the goodwill to materially exceeds its recoverable amount. Accordingly, no impairment loss was recognized for the three-month period ended March 31, 2024.

5 Investment in an associate

Name of company	Principal activities	Country of incorporation	Effective interest at	
			March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
LG Shaker Company Limited (“LG Shaker”)	Manufacture of air conditioners	Saudi Arabia	49%	49%
Ajeek Maintenance Service Company Limited (“Ajeek”)	Consumer electronics repair	Saudi Arabia	49%	49%

Reconciliation for the investment in an associate is as follows:

	LG Shaker	Ajeek	Total
At January 1, 2024	465,534	1,425	466,959
Additions	-	-	-
Share of profit for the year	12,046	-	12,046
At March 31, 2024 (Unaudited)	477,580	1,425	479,005
At January 1, 2023	466,174	-	466,174
Additions	-	1,425	1,425
Share of profit for the year	36,110	-	36,110
Dividends	(36,750)	-	(36,750)
At December 31, 2023 (Audited)	465,534	1,425	466,959

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Notes to the condensed consolidated interim financial information
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5 Investment in an associate (continued)

LG Shaker

The following table summarizes the financial information of a material associate - LG Shaker as included in its own financial statements.

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Non-current assets	105,769	107,645
Current assets	434,313	369,636
Non-current liabilities	(11,667)	(11,582)
Current liabilities	(151,616)	(116,672)
Net assets	376,799	349,027

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Revenue	213,694	612,029
Total comprehensive income (100%) (*)	27,771	88,738
Group share of total comprehensive income (49%) (*)	12,046	36,110

(*) The difference between the Group's share in net assets of the associate and share of total comprehensive income and 49% of associate reported net assets and total comprehensive income pertains to the adjustment made for the elimination of unrealized profit on upstream transactions between the Group and its associate.

6 Inventories

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Finished goods	332,056	337,911
Spare parts	29,925	31,989
Goods in transit	36,035	34,964
	398,016	404,864
Impairment losses on inventories	(28,836)	(30,886)
	369,180	373,978

Reconciliation of the impairment losses on inventories is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period / year	30,886	48,856
Charge for the period / year	700	4,473
Utilized during the period / year	(2,750)	(22,443)
Balance at end of period / year	28,836	30,886

7 Trade and other receivables

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade receivables	506,727	372,804
Less: Impairment loss on trade receivables	(38,774)	(35,361)
	467,953	337,443
Other receivables:		
Promotions claims from suppliers	25,918	18,587
Custom duty deposit	5,956	5,956
Impairment losses on other receivables	(5,956)	(5,956)
	493,871	356,030

AL HASSAN GHAZI IBRAHIM SHAKER COMPANY
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Notes to the condensed consolidated interim financial information
For the three-month period ended March 31, 2024 (Unaudited)
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7 Trade and other receivables (continued)

Reconciliation of impairment losses on receivables is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period / year	35,361	60,117
Charge for the period / year	3,500	1,440
Write-off during the period/year	(87)	(26,196)
Balance at end of period / year	<u>38,774</u>	<u>35,361</u>

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at March 31, 2024 and December 31, 2023:

March 31, 2024 (Unaudited)	Gross carrying amount	Weighted- average loss	Loss allowance (%)
1-90 days	379,709	13,521	3.6%
91-180 days	76,450	1,836	2.4%
181-270 days	21,888	908	4.1%
271-360 days	5,132	421	8.2%
More than 360 days	23,548	22,088	93.8%
	<u>506,727</u>	<u>38,774</u>	<u>7.7%</u>
December 31, 2023 (Audited)	Gross carrying amount	Weighted- average loss	Loss allowance (%)
1-90 days	219,766	9,433	4.3%
91-180 days	97,685	2,425	2.5%
181-270 days	27,711	942	3.4%
271-360 days	3,507	319	9.1%
More than 360 days	24,136	22,242	92.2%
	<u>372,804</u>	<u>35,361</u>	<u>9.5%</u>

8 Prepayments and other debit balances

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Advances		
Advances to suppliers	36,554	33,621
Other advances	24,419	29,257
Advances to employees	3,774	3,876
Total advances	<u>64,747</u>	<u>66,754</u>
Prepaid expenses	15,142	14,336
Cash margin	5,504	5,547
Others	1,666	1,666
	<u>87,059</u>	<u>88,303</u>

9 Cash and cash equivalents

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash in hand	1,565	790
Bank balances – current accounts	34,403	18,053
Bank balances – deposits (*)	6,000	-
Total	<u>41,968</u>	<u>18,843</u>

* These deposits are maintained with financial institution and have a maturity of three months or less. These deposits earn commission at an average rate of 6.07% - 6.17% per annum.

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10 Lease liabilities and borrowings

The Group has credit facility agreements with local and foreign commercial banks for long and short-term borrowings in Saudi Riyal and US Dollar. Such facilities were obtained principally under Murabaha/Tawarruq arrangements. Certain facility agreements are secured against promissory notes, corporate guarantees of the Group are provided wherever required for loans to subsidiaries. The facilities bear financial charges on prevailing market rates.

Secured liabilities and assets pledged as security

All bank loans are secured by promissory notes signed by the parent Company equal to the maximum facility amount. These promissory notes amounted to SR 1,825 million as at March 31, 2024 and (December 31, 2023: SR 1,825 million).

Compliance with loan covenants

Under the terms of the loan agreements, the Group is required to commit to certain levels for the following financial covenants:

- 1 Financial leverage ratio;
- 2 Current ratio;
- 3 Gearing ratio (Debt to equity not to exceed 1.5:1); and
- 4 Ratio of total liabilities and tangible net worth.

As of March 31, 2024, the Group's total borrowing facilities amounted to SAR 1,825 million out of which SAR 1,230 million was unutilized.

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Current:		
Lease liabilities	5,008	5,240
Bank borrowings	<u>391,291</u>	<u>397,126</u>
	396,299	402,366
Non-current:		
Lease liabilities	11,365	11,229
Bank borrowings	-	-
	<u>16,373</u>	<u>16,469</u>
Total lease liabilities	16,373	16,469
Total bank borrowings	391,291	397,126
Total lease liabilities and borrowings	407,664	413,595

11 Zakat liabilities

The Group submitted its zakat returns for the years up to 2022 to the Zakat, Tax and Customs Authority ("ZATCA"). Moreover, the Group's zakat returns up to the year 2020 were finalized and the related liabilities were paid. The Group's management and its zakat advisor believe that the current level of zakat provision is sufficient and adequate.

12 Revenue

The Group's revenue is derived from contracts with customers for sale of products and services provided. Control of product is transferred at a point in time and directly sold to customers and when services are rendered.

March 31, 2024 (Unaudited)	HVAC solutions	Home appliances	All other segments	Total
Saudi Arabia	<u>258,564</u>	<u>154,365</u>	<u>313</u>	<u>413,242</u>
March 31, 2023 (Unaudited)				
Saudi Arabia	<u>175,913</u>	<u>170,650</u>	<u>-</u>	<u>346,563</u>

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Notes to the condensed consolidated interim financial information
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13 Operating segments

For management purposes, the Group is organized into two main business segments based on internal reporting provided to the chief operating decision maker.

Heating, ventilation, and air-conditioning solutions (HVAC): Represents residential and commercially conditioners including chillers and related services.

Home appliances: Represents televisions, washing machines, dryers, refrigerators, irons, gas cookers, and floor care.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessments.

CoDM uses segments Profit Before Tax (PBT) to measure performance being the most relevant in evaluating the results of segments.

Transfer prices between operating segments are on mutually agreed terms in a manner similar to transactions with third parties.

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13 Operating segments (continued)

Segment information provided to the board of directors:

The table below shows the segment information provided to the Board of Directors for the reportable segments for the period ended March 31, 2024 and March 31, 2023, also the basis on which revenue is recognized:

	HVAC Solutions	Home appliances	Total reportable segments	Other	Total
For the period ended March 31, 2024					
Revenues from external customers	258,564	154,365	412,929	313	413,242
Cost of sales	(184,750)	(130,715)	(315,465)	(8)	(315,473)
Gross profit	73,814	23,650	97,464	305	97,769
General and administrative expenses	(16,467)	(10,422)	(26,889)	-	(26,889)
Selling and distribution expenses	(28,216)	(7,560)	(35,776)	(1,049)	(36,825)
Impairment loss on trade and other receivables	(3,500)	-	(3,500)	-	(3,500)
Other income, net	790	-	790	-	790
Income from operations	26,421	5,668	32,089	(744)	31,345
Finance costs	(8,693)	(1,142)	(9,835)	-	(9,835)
Foreign exchange (loss) / gain	(73)	265	192	-	192
Share of net profit from an associate	12,046	-	12,046	-	12,046
Segments profit before zakat	29,701	4,791	34,492	(744)	33,748
Zakat expense	(754)	(745)	(1,499)	-	(1,499)
Net income for the period	28,947	4,046	32,993	(744)	32,249

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13 Operating segments (continued)	HVAC Solutions	Home appliances	Total reportable segments	Other	Total
For the period ended March 31, 2023					
Revenues from external customers	175,913	170,650	346,563	-	346,563
Cost of sales	(122,657)	(136,800)	(259,457)	-	(259,457)
Gross profit	53,256	33,850	87,106	-	87,106
General and administrative expenses	(14,083)	(9,612)	(23,695)	-	(23,695)
Selling and distribution expenses	(18,349)	(15,153)	(33,502)	-	(33,502)
Impairment loss on trade and other receivables	(2,040)	-	(2,040)	-	(2,040)
Other income, net	734	-	734	-	734
Income from operations	19,518	9,085	28,603	-	28,603
Finance costs	(11,927)	(354)	(12,281)	-	(12,281)
Foreign exchange (loss) / gain	(420)	18	(402)	-	(402)
Share of net profit from an associate	13,831	-	13,831	-	13,831
Segments profit before zakat	21,002	8,749	29,751	-	29,751
Zakat expense	(170)	(1,665)	(1,835)	-	(1,835)
Profit for the period from continued operations	20,832	7,084	27,916	-	27,916
Discontinued operations					
Gain from discontinued operations	1,426	-	1,426	-	1,426
Net income for the period	22,258	7,084	29,342	-	29,342

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13 Operating segments (continued)

Segment information provided to the Board of Directors: (continued)

	HVAC solutions	Home Appliances	Total reportable segments	All other segments	Adjustments and eliminations	Total
March 31, 2024						
Reportable segment assets	1,792,606	864,575	2,657,181	5,166	(987,167)	1,675,180
Additions to property and equipment	832	10	842	-	-	842
December 31, 2023						
Reportable segment assets	HVAC Solutions	Home Appliances	Total reportable segments	All other segments	Adjustments and eliminations	Total
Additions to property and equipment	1,658,150	820,174	2,478,324	4,153	(973,652)	1,508,825
	2,165	39	2,204	-	-	2,204
March 31, 2024						
Total segment liabilities	HVAC Solutions	Home appliances	Total reportable segments	All other segments	Adjustments and eliminations	Total
	1,011,719	547,161	1,558,880	5,866	(639,224)	925,522
December 31, 2023						
Total segment liabilities	HVAC Solutions	Home appliances	Total reportable segments	All other segments	Adjustments and eliminations	Total
	909,994	505,267	1,415,261	4,110	(628,275)	791,096

Adjustments and eliminations represent intercompany transactions and consolidation elimination entries transactions, and the intercompany transactions are mainly related to financing transactions.

All non-current assets are geographically located in Saudi Arabia as at March 31, 2024 and December 31, 2023.

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14 Seasonality of operations

The Group's HVAC solutions segments is subject to seasonal fluctuation as a result of weather conditions. In particular, the sale of air conditioners in key geographic areas are affected by winter weather conditions, which occur primarily during October to March. The Group attempts to minimize the seasonal impact by managing inventories to meet demand during this period.

For the 12 months ended March 31, 2024, the HVAC solutions segment reported revenue of SR 882 million (for 12 months ended March 31, 2023: SR 707 million) and net profit of SR 59 million (net profit for 12 months ended March 31, 2023: SR 44 million).

15 Capital and financial risk management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitor the return on capital as well as the level of dividends to ordinary shareholders.

The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group monitors capital using a ratio of adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings, less cash, and cash equivalents. Adjusted equity comprises all components of equity.

The Group's adjusted net debt to equity ratio at March 31, 2024 and December 31, 2023 was as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Total liabilities	925,522	791,096
Less: cash and cash equivalents	(41,968)	(18,843)
Adjusted net debt	883,554	772,253
Total equity	749,658	717,729
Equity	749,658	717,729
Adjusted net debt to equity ratio	118%	108%

The management believes that the Group has the ability to meet its obligations as:

- (a) The Group's current assets are more than its current liabilities; and
- (b) The Group manages its liquidity risk by ensuring that bank borrowing facilities from multiple banks are available (see Note 10).

Management has assessed the Group's ability to continue as a going concern and is satisfied that the Group has the resources and borrowing facilities from multiple banks to continue in business for the foreseeable future. Moreover, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as going concern. Therefore, this condensed consolidated interim financial information has been prepared on a going concern basis.

16 Related parties

- (a) *Transactions with key management personnel*

The following table describes compensations to key management personnel:

	March 31, 2024 (Unaudited)	March 31, 2023 (Unaudited)
Short-term employees' benefits	2,313	2,145
Board of Directors and Audit Committee remuneration	663	625

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16 Related parties (continued)

(b) Related parties' balances and transactions

Name	Relationship	Nature of Transaction	Transactions		Balances	
			March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Due to related parties - under trade and other payables (*)						
LG Shaker	Associate	Purchase of finished goods	237,202	671,272	240,195	162,968
LG Electronics	A 51% owner of LG Shaker Company (Note 5)	Purchase of finished goods	13,574	49,824	12,196	1,340
LG Electronics Saudi Arabia Limited	Owned by a related party	Purchase of finished goods	55,868	-	10,807	-
					263,198	164,308
Due from related parties - under prepayments and other debit balances (unsecured)						
Ajeek	Associate	Expenses paid on behalf	553	-	553	-
					553	-

(*) These transactions are conducted in accordance with the terms and conditions of commission and are determined in the agreements signed with the related parties and approved by the management.

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17 Contingencies and commitments

The Group has the following as of March 31, 2024:

- a) On March 31, 2024, the Group has outstanding bank guarantees of SR 101.2 million (December 31, 2023: SR 87.2 million) issued by local and foreign banks in respect of importing of finished goods and other supplies.
- b) At March 31, 2024, the Group has outstanding bank letters of credit of SR 103.1 million (December 31, 2023: SR 81.7 million) issued against importing of finished goods and other supplies.
- c) The Group has a contractual obligation regarding the purchase of land amounting to SR 10.9 million as of March 31, 2024.

18 Disposal groups

18.1 Disposal group – Sale of New Vision Company

On December 31, 2022, the Board of Directors of Al Hassan Ghazi Ibrahim Shaker Company committed to a plan to sell New vision Company which is a 60% owned subsidiary by the Group and an active program to locate a buyer and complete the plan is applied. An analysis of the results in relation to the operations of disposal group classified as held for sale during the period ended March 31, 2024, and 2023 is as follows:

18.1.a Financial performance and cash flow information

	For the period ended March 31, 2024	For the period ended March 31, 2023
Revenue	-	25,379
Expenses	-	(23,953)
Profit before zakat and income tax	-	1,426
Income tax expense	-	-
Net profit from discontinued operations	-	1,426
Other comprehensive income from discontinued operations	-	-
Total comprehensive income from discontinued operations	-	1,426
Net cash used in operating activities	-	(733)
Net cash (used in) / generated from investing activities	-	40
Net cash (used in) / generated from financing activities	-	3,943
Net (decrease) / increase in cash and cash equivalent from the discontinued operations	-	3,250

18.1.b Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities for sale in relation to the discontinued operations as at March 31, 2024 and December 31, 2023:

	March 31, 2024	December 31, 2023
Assets relating to disposal group		
Property and equipment	-	-
Right of use of assets	-	-
Intangible assets	-	-
Inventory	-	-
Trade and other receivables	-	-
Prepayments and other debt balances	-	-
Cash and cash equivalents	-	-
Total assets of disposal group	-	-
Liabilities relating to disposal group		
Short-term loans	-	-
Lease liabilities	-	-
Trade and other payables	-	-
Total liabilities of disposal group	-	-
Net assets of disposal group	-	-

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18 Disposal groups (continued)

18.1 Disposal group – Sale of New Vision Company (continued)

18.1.b Assets and liabilities of disposal group classified as held for sale (continued)

- The statement of cash flows is presented based on the consolidated figures. The Group considered the cash and cash equivalents of the disposal group, classified as held for sale, as not significant.

The statement of profit or loss and other comprehensive income shows the following amounts relating to net gain from discontinued operations for the three-month period ended March 31:

	2024	2023
Net gain from New Vision	-	1,426
Total gain from discontinued operations	-	1,426

19 Basic and diluted earnings per share

Basic and diluted earnings per share amounts are calculated by dividing the earnings for the three-month period ended attributable to the shareholders of the Parent Company by the weighted average number of ordinary shares outstanding, as follows:

	March 31, 2024	March 31, 2023
Earnings attributable to ordinary shareholders		
From continuing operations	32,249	27,916
From discontinued operations	-	857
	32,249	28,773
Weighted average number of ordinary shares outstanding	48,233	48,233
Basic and diluted earnings per share		
From continuing operations attributable to the owners of the Parent Company	0.67	0.58
From discontinued operations attributable to the owners of the Parent Company	-	0.02
Total basic and diluted earnings per share attributable to the owners of the Parent Company	0.67	0.60

20 Subsequent events

There are no subsequent events after the three-month period ended at March 31, 2024 which requires adjustment or disclosure to this condensed consolidated interim financial information.

21 Approval of the financial information

This condensed consolidated interim financial information was approved by the Company's Board of Directors on May 12, 2024.